

MICHIGAN UNITARIAN UNIVERSALIST SOCIAL JUSTICE NETWORK

TESTIMONY ON MICHIGAN TAX REFORM

May 9, 2011

Submitted to:
Senate Reforms, Restructuring and Reinventing Committee
Lansing, Michigan

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TESTIMONY: MICHIGAN TAX REFORM

INTRODUCTION

The Michigan Unitarian Universalist Social Justice Network (MUUSJN) is a faith-based network of over 1,200 people from 26 communities that promotes social justice and service to community. We believe a State's tax policy should reflect the values and priorities of its citizens. From that perspective, we believe that the Governor's proposed tax policies fall short of fulfilling our denomination's core moral principle that all people deserve to be treated with dignity.

MICHIGAN'S TAX SYSTEM IS NOT EQUITABLE

For many years, Michigan has had a structural deficit, in which not enough revenues are available to meet the needs of its citizens. This shortage of revenues is a result of an unfair, dysfunctional tax policy in which individuals in the lower income brackets pay higher percentages of their incomes in taxes than our State's most economically well off citizens. According to "Who Pays? A Distributional Analysis of the Tax Systems in All 50 States" (November 2009), the lowest 20% of Michigan residents pay 8.9% of their income on sales and excise, property, income tax compared to 5.3% of the top 1% of Michigan citizens earning on average over \$1 million a year.

Eliminating funding for the Earned Income Tax Credit, while giving 86% cuts to large businesses, represents an aggravation of this inequality of taxation. Low income families, who are working, under the EITC, are eligible for an average \$432 tax rebate. This keeps over 14,000 children from falling below the poverty level. Without the EITC, these struggling families have greater difficulty in putting food on their tables and clothes on their children's backs. It fails to meet the moral test of treating all people with dignity. MUUSJN urges the members of the Senate Reforms, Restructuring and Reinventing Committee to take steps to make Michigan's tax system fairer.

MUUSJN believes a more fair tax structure is one that taxes its citizens in proportion to their ability to pay. Ideally, this would include establishing a graduated income tax system. However, more short term solutions could include closing tax loopholes that allow the majority of Michigan corporations to pay low or no taxes.

CONCLUDING REMARKS

Michigan's significant budget challenges will require thoughtful and creative solutions. It is hoped that genuine bi-partisan collaboration between government officials, business and community leaders, educators and those in health and human services will find the wisdom to not simply balance the budget on the backs of low and moderate income people. Rather, as a society with a conscience, policy makers will discover ways to truly share the sacrifice, when it's needed, not just shift it to those least able to defend themselves. The MUUSJN thanks members of the Senate Reforms, Restructuring and Reinventing Committee for this opportunity to offer public comment. For more information, contact MUUSJN Director, Randy Block, at 248-549-5170.